



DATE: January 27, 2015

AGENDA ITEM # 4

TO: City Council
FROM: Kim Juran-Karageorgiou, Administrative Services Director
SUBJECT: Sharp Business Solutions agreement

RECOMMENDATION:

Authorize the City Manager to execute Lease and Maintenance Agreements with Sharp Business Solutions for new copy machines

SUMMARY:

Estimated Fiscal Impact:

Amount: \$2,776/monthly cost

Budgeted: Yes; General Fund Operating Budget

Public Hearing Notice: Not applicable

Previous Council Consideration: Not applicable

CEQA Status: Not applicable

Attachments: None

BACKGROUND

The City owns a number of aging copy machines of various makes and models that are no longer reliable and have reached the end of their useful lives. The cost to maintain the equipment continues to increase as a result of its age and due to replacement parts becoming increasingly difficult to find. After analyzing existing service contracts and payments made to current vendors, it has been determined that consolidating to one vendor and replacing old equipment with leased machines would allow for the City to obtain new equipment while also achieving savings to the City's operating budget.

DISCUSSION

Staff requested proposals from three copy machine vendors based on their existing negotiated government contracts. The proposal provided by Sharp Business Solutions was the most competitive proposal based on pricing. A review of the proposal also found that Sharp has an exemplary service record, which includes an outstanding staff review from the City of Cupertino, who is currently using the same machine proposed for use at City Hall.

Based on both pricing and their reputation for quality service, it is recommended that the City enter into a contract with Sharp Business Solutions to provide the City with copy equipment and service. Obtaining new copy machines with improved reliability will also enable the City to consolidate the number of machines in place from six to five. It is proposed that the City enter into a 36 month lease agreement for the copy machines. While leasing the machines results in an additional \$4,900 in interest costs over the three year period from purchasing the equipment outright, the lease route is recommended to keep this critical equipment current going forward and better control maintenance costs. In addition, the City can fund both the lease and maintenance costs on the new machines at a lower cost than what it is currently paying for maintenance on its existing machines. The equipment and maintenance cost comparisons below demonstrate the City's estimated savings by replacing all copy machines and moving to Sharp Business Solutions:

SHARP PROPOSAL	Monthly Lease Payment (36 month lease)
Engineering - MX7040	486
City Hall - MX7040	486
Administration - MX5140	292
Recreation - MX5140	292
Municipal Service Center - MX3140	209
Total Monthly Lease Payment	1,765
Sales/Use Tax	150
Monthly Maintenance Cost (5 Machines)	861
Total Monthly Cost	\$ 2,776
Current Cost of Maintenance	\$ 3,365
Monthly Savings	\$ (589)

The estimated maintenance cost includes per page printing charges based on current printing volume and is subject to change based on future print volume. Maintenance costs will increase by 10% annually, but are still well below the City's current maintenance costs for its copy machines.

FISCAL IMPACT

The monthly lease cost for five new machines over the 36-month lease term is \$1,765, plus sales/use tax. In addition, the City must pay a monthly maintenance/print cost on these machines of \$861, for a total monthly cost of \$2,776. This represents a savings of \$589 per month from what the City is currently paying in maintenance on its existing copy machines. As a result, the costs of the agreement with Sharp Business Solutions can be paid within the adopted operating budget.

PUBLIC CONTACT

Posting of the meeting agenda serves as notice to the general public.